

107TH CONGRESS  
2D SESSION

# H. R. 4136

To use the estate tax revenue to finance an outpatient prescription drug program under Medicare.

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IN THE HOUSE OF REPRESENTATIVES

APRIL 10, 2002

Mr. FRANK introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To use the estate tax revenue to finance an outpatient prescription drug program under Medicare.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Medicare Outpatient  
5       Prescription Drug Coverage Funding Act of 2002”.

1 **SEC. 2. TRANSFER OF FEDERAL ESTATE TAX REVENUES TO**  
2 **MEDICARE PROGRAM TO OFFSET COSTS OF**  
3 **AN OUTPATIENT PRESCRIPTION DRUG BEN-**  
4 **EFIT.**

5 (a) TRANSFER TO FEDERAL HOSPITAL INSURANCE  
6 TRUST FUND.—Section 1817(a) of the Social Security  
7 Act (42 U.S.C. 1395i(a)) is amended—

8 (1) by striking “and” at the end of paragraph  
9 (1),

10 (2) by striking the period at the end of para-  
11 graph (2) and inserting “; and”, and

12 (3) by inserting after paragraph (2) the fol-  
13 lowing new paragraph:

14 “(3) the taxes imposed by chapter 11 of the In-  
15 ternal Revenue Code of 1986 (relating to estate  
16 taxes) reported to the Secretary of the Treasury or  
17 his delegate on tax returns under subtitle F of such  
18 Code, as determined by the Secretary of the Treas-  
19 ury by applying the applicable rate of tax under  
20 such chapter to such taxable estate.”.

21 (b) ESTABLISHMENT OF SEPARATE ACCOUNT FOR  
22 OUTPATIENT PRESCRIPTION DRUG BENEFIT.—Section  
23 1817 of such Act (42 U.S.C. 1395i) is amended by adding  
24 at the end the following new subsection:

25 “(1) OUTPATIENT PRESCRIPTION DRUG ACCOUNT.—

1           “(1) ESTABLISHMENT.—There is hereby estab-  
 2           lished in the Trust Fund an expenditure account to  
 3           be known as the ‘Outpatient Prescription Drug Ac-  
 4           count’.

5           “(2) CREDITING OF FUNDS.—The Managing  
 6           Trustee shall credit to the Outpatient Prescription  
 7           Drug Account such amounts as may be deposited in  
 8           the Trust Fund pursuant to subsection (a)(3).

9           “(3) USE OF FUNDS.—Funds credited to the  
 10          Outpatient Prescription Drug Account may only be  
 11          used to pay for outpatient prescription drugs fur-  
 12          nished under this title.”.

13          (c) EFFECTIVE DATE.—The amendments made by  
 14          this section apply to payments received by the Secretary  
 15          of the Treasury on or after the date of the enactment of  
 16          this Act for taxes imposed by chapter 11 of the Internal  
 17          Revenue Code of 1986.

18       **SEC. 3. ESTATE, GIFT, AND GENERATION-SKIPPING TRANS-**  
 19               **FER TAX PROVISIONS MADE PERMANENT.**

20          (a) MAXIMUM RATE OF TAX.—The table in subpara-  
 21          graph (B) of section 2001(c)(2) of the Internal Revenue  
 22          Code of 1986 is amended by striking the item relating to  
 23          2007, 2008, and 2009 and inserting the following new  
 24          item:

                  “2007 and thereafter ..... 45 percent.”.

(b) EXEMPTION AMOUNT.—The table in section 2010(c) of such Code is amended by striking the item relating to 2009 and inserting the following new item:

“2009 and thereafter ..... \$3,500,000.”.

(c) REPEAL OF CERTAIN ESTATE, GIFT, AND GENERATION-SKIPPING TRANSFER TAX PROVISIONS.—

(1) IN GENERAL.—The following provisions of title V of the Economic Growth and Tax Relief Reconciliation Act of 2001 (and the amendments made by such subtitle) are hereby repealed and the Internal Revenue Code of 1986 shall be applied and administered as if such provisions had never been enacted:

(A) Subtitle A.

(B) Subsections (c), (d), (e), and (f)(3) of section 511.

(C) Subsections (b)(2) and (e)(2) of section 521.

(D) Subtitle E.

(2) CONFORMING AMENDMENT.—Section 521(e) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (as amended by paragraph (1)) is further amended—

(A) in paragraph (1) by striking “paragraphs (2) and (3)” and inserting “paragraph (2)”, and

1 (B) by redesignating paragraph (3) as  
2 paragraph (2).

3 (d) REPEAL OF SUNSET OF PROVISIONS OF ACT RE-  
4 LATING TO ESTATE, GIFT, AND GENERATION-SKIPPING  
5 TRANSFER TAX.—Section 901 of the Economic Growth  
6 and Tax Relief Reconciliation Act of 2001 (Public Law  
7 107–16) is amended—

8 (1) in subsection (a) by striking “shall not  
9 apply—” and all that follows and inserting “(other  
10 than title V) shall not apply to taxable, plan, or limi-  
11 tation years beginning after December 31, 2010.”,  
12 and

13 (2) in subsection (b) by striking “, estates,  
14 gifts, and transfers”.

15 (e) EFFECTIVE DATE.—The amendments made by  
16 this section shall take effect as if included in the provisions  
17 of the Economic Growth and Tax Relief Reconciliation Act  
18 of 2001 to which they relate.

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